

**State of the Union [Address] Drafts [1/19/78] [5]**

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From: Stu Eizenstat

THE WHITE HOUSE  
WASHINGTON

January 18, 1978

To: Rosalynn Carter  
Charlie Schultze  
Jody Powell  
~~Jim Fallows~~  
✓ Stu Eizenstat  
~~Zbig Brzezinski~~  
Ham Jordan

President Carter asked that you review attached speech draft, returning your comments to him by 3:00 p.m. this afternoon. He also asked that no copies be made of the draft.

Thanks -- Susan Clough

Draft 6  
1/18/78

*Sta E jnotal*  
~~CONFIDENTIAL~~

Mr. President, Mr. Speaker, Members of the 95th  
Congress, ladies and gentlemen:

We come together tonight at a time of loss.

Last week the Senate lost a good and honest man,  
Lee Metcalf of Montana; and today the flag of the  
United States flew at half-staff from this Capitol  
building and from American installations and ships  
all over the world, in mourning for Senator Hubert  
Humphrey.

Many of you in this room worked with him every  
day for most of your adult lives, and you will miss  
him in a special way. But his loss is felt just as  
keenly by millions who never met him, but whose lives  
were touched and improved by his.

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1982  
BY *[Signature]* NARS, DATE *4/19/82*

Because he exemplified so well the joy and zest of living, his death reminds each of us not so much of our own mortality but of the possibilities offered to us by life. Hubert Humphrey always looked to the future with a particularly American kind of confidence and harmony, of hope and enthusiasm. The best way we can honor him is by following his example.

One year ago tomorrow, I walked from near this spot to the White House to take up the duties of President of the United States. I return tonight in fulfillment of one of the most important of those duties: to "give to the Congress" -- and the nation -- "information on the state of the Union."

I have come to speak to you about where we are, and where we must go -- of what we have done, and what

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we must do -- and I have come to pledge my best efforts, and to ask you to pledge yours.

Each generation of Americans faces circumstances not of its own choosing, by which its character is measured and its spirit tested.

We cannot design our challenges, but we can determine the response we make. Whether our answers are fainthearted or courageous is entirely within our control. If we respond timidly we will regret our weakness.

There are times of crisis, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Lincoln faced when our land was torn apart by <sup>a war between brothers.</sup> [Civil War] That was the duty

South unit  
like

twice faced by Franklin Roosevelt: in 1933 when he led American out of economic depression, and again in 1941, when he led America to victory in war.

There are other times when no single overwhelming crisis exists -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction are also great. It becomes the task of leaders to call for the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after the World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

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We live in such times -- and face such duties --  
now.

Militarily, politically, economically, and in  
spirit, the state of our Union is sound.

We are a great country, a strong country, a  
vital and dynamic country -- and so we will remain.

We are a confident people, a working people, a  
decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil  
and doubt. We have once again found our moral bearings  
and <sup>with a new spirit</sup> we are striving to express our best instincts to  
the rest of the world.

Because of our strength, we are at peace abroad.

We are also at peace here at home where we are

are red~~is~~covering the common good that binds us  
together as a people.

For the first time in a generation, we are ~~not~~

*Blacks + I. hands will otherwise say we lack sense of urgency on black unemployment*  
preoccupied with a major <sup>international</sup> ~~national~~ crisis *or domestic turmoil*.

This success cannot be measured in programs,  
legislation, or dollars. It is a success that belongs  
to every individual American. There is across this  
land an inner peace, triggered by a growing unity  
in America. This unity towers over all our efforts  
here in Washington, and serves as an inspiring beacon  
for all of us elected to lead.

Together, we now have a rare and priceless  
opportunity to address the basic and enduring problems  
which have long burdened us as a nation <sup>and</sup> which grew  
quietly and steadily over the years when we were  
preoccupied with crisis.



This new atmosphere demands<sup>o</sup><sub>A</sub> new spirit -- a newly defined partnership between those who lead and those who elect. The currencies of this partnership are truth, the courage to face hard decisions, concern about one another, and a basic faith and trust in the wisdom and strength of the American people.

In this period of relative calm we have been given a chance to cleanse, to reconsider, and to restore the things that have too long been neglected.

We must make the effort -- because if we do not aim for the best we can achieve, despite our limitations and difficulties, we will achieve much less than we can.

As President I have asked you -- the members of Congress, and you, the American people -- to come to

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grips with some of the hardest questions facing our society.

I see no benefit to the country if we wait, for delay would simply postpone necessary action. The problems would only grow worse, the needed solutions more drastic.

We need patience and good will, but patience must not become indifference, and good will must not become complacency.

There is a limit to the role and function of government. It cannot solve all our problems, set all our goals, or define our vision. It cannot alone eliminate poverty, provide a bountiful economy, save cities, cure illiteracy, provide energy, nor mandate goodness. Only a true partnership among us all can hope to reach these goals.

Those who govern can sometimes inspire, identify needs, and marshal resources.

We must move away from crisis management and establish long range goals which will let us work with harmony and not dissension. <sup>P</sup>Never again should we neglect an impending crisis like the shortage of

*The solutions we propose now aren't harsh & painful - they are only because so if we fail to act*  
 energy, <sup>where further delay will lead only to more</sup> ~~forcing~~ harsh and painful solutions to avoid increasing agony. Now we must act immediately -- all of us [ to stop wasting energy, to increase

domestic production, and to shift to fuels which are

*This is repeated on next page*  
 more permanent and plentiful. ]

Day after day, month after month, our dependence on foreign oil drains from our economy resources we cannot afford to lose. Last year we spent \$45 billion for foreign oil. This economic dependence on foreign oil slows our economic growth, erodes the value of

*Blumenthal thinks states have on dollar is o.k. but suggest somewhere we talk about our commitment to integrity of dollar. Charles agrees.*  
 the dollar overseas, and aggravates inflation at home.

We know we have to act. We know what we must do: increase energy production, promote conservation, and shift consumption toward those fuels which are more permanent and plentiful. We must be fair to our people, and consistent with our long-range objectives for the economy and the budget.

I recognize the difficulties involved. I know it is not easy. But the fact remains [that we have failed the American people.] Almost five years after the oil embargo dramatized the problem, we still do

This is  
repetitive of  
same phrase on  
previous page

Toasting

not have a national energy program. Not much longer will our nation tolerate this stalemate. We must succeed, and we will!

Our main task at home this year, with the energy policy <sup>a central</sup> [its most crucial] element, is the economy -- to ensure that recovery is sustained, that unemployment continues to decrease, and that the rate of inflation is reduced.

1977 was a good year for the United States.

We reached all of our major economic goals. Four million

*- an all-time record -*

new jobs were created, and the number of unemployed

*Unemployment is at its lowest level since 1974*

dropped by more than a million. Not since World War II

has such a high proportion of our people been employed.

The rate of inflation has declined. There was good growth in corporate profits and business

*W, R, N, V, T, and  
poll showing  
50%. think  
they're over of  
we should beef  
up the action*

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investments -- the source of more jobs for our workers --  
and a higher standard of living for all our people.  
Workers' real wages increased substantially.

This year, our country will have the first two  
trillion<sup>0</sup> dollar economy in the history of the world.

We are proud of this progress, and determined to  
sustain it.

We're still  
big & large  
using traditional  
tools in 1978

But the traditional tools of economics have *not* fully  
*Succeeded*  
[failed us] and we still have severe problems, which  
all of us must address together. Our trade deficit  
is too large, inflation is still too high, and too  
many Americans *particularly minorities* still cannot find work.

There are no simple answers for these problems.

They involve complicated questions of resources [of

*This will  
open up a  
can of worms  
eg. Larry etc.*

— human behavior, *and* historical change, that are beyond

the power of any government to <sup>fully</sup> control. But we have developed a coordinated economic policy that will work, because it is sensible, it is balanced, and it is fair. It is based on these four principles:

-- First, the economy must keep on expanding to produce the new jobs our people need. Only through steady growth can American workers enjoy higher real incomes and the fruits of growth must be widely shared. Jobs will be made available for those who have been by-passed until now, and the tax system must be made fairer and simpler.

--Second, private business, not the government, must lead the expansion.

--Third, we must lower the rate of inflation and keep it down. Inflation slows down economic growth, and it is <sup>most</sup> ~~cruelest~~ to the poor and to the elderly and others who live on fixed incomes.

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-- Fourth, we must contribute to the health of the world economy.

I will announce my proposals for immediate tax reform and tax reduction <sup>later</sup> this weekend. We can make our tax system fairer; we can make it simpler and easier to understand; we can eliminate unwarranted loopholes and special privileges; and at the same time we can -- and will -- reduce the tax burden on American citizens by \$25 billion!

The tax reductions are necessary to help us continue the steady economic expansion that will create the jobs we need.

More than \$17 billion in income tax cuts will go to individuals. Ninety-nine percent of American taxpayers will see their taxes go down. For a typical

Friday statement  
by President

I'll reduce  
w/ Treasury -  
too high



family of four this will mean an annual savings of

~~\$250~~ - a tax reduction of about 20%.  
more than ~~\$250~~ A further reduction of \$2 billion in

excise taxes will give additional relief and directly

reduce the rate of inflation..

The rest of the total tax reduction will be

cuts in business taxes to provide <sup>strong</sup> additional incentives

for investment through substantial cuts in corporate tax rates  
and improvements in the investment tax credit.

These tax cuts will more than compensate for

the necessary increases <sup>in taxes</sup> to prevent bankruptcy of the

Social Security System.

Our tax proposals will increase opportunity

everywhere in this nation. But even in good economic

times we must create additional jobs for the

disadvantaged.

Needed beefing  
up

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We have passed laws to assure equal access to the voting booth, the restaurant, to housing, and to jobs. But unless there is actual job opportunity -- the chance to earn a decent living -- the other rights mean very little.

A major priority for our nation is the final elimination of barriers that restrict the opportunities available to Black people and other minorities. We have come a long way toward that goal. There is still much to do. The legacy of the past must not be permitted to hamper our future. Our commitment to equal opportunity is <sup>Strong</sup> ~~undiminished~~ <sup>undiminished</sup> Our resolve is unshakeable to build an America in which all our citizens freely enjoy the benefits and responsibilities of democracy.

We can enhance harmony among our people, honor our commitment, and honor one of the most beloved leaders in the history of our nation -- by passing <sup>revised</sup> the Humphrey-Hawkins bill this year!

In our free economy, private business is still the best new source of jobs. Therefore, I will propose to the Congress a new program which will provide incentives for businesses to hire young and disadvantaged Americans. These young people only need skills -- and a chance -- in order to take their place in our economic system. Let's give them the chance they need!

I am asking for a substantial increase in funds for public jobs for our young people, and when welfare reform is completed for creation of <sup>more than a</sup> ~~lot~~ million jobs for those on welfare who are able to work. I am also

Put above  
because you  
talk of private  
jobs being key but  
next it again mentions  
public jobs

recommending that the Congress continue the public service employment programs at more than twice the level of a year ago.

My budget for 1979 addresses our national needs, but it is lean and tight.

It proposes increased expenditures after adjusting for inflation of less than two percent -- the smallest growth in the Federal budget in four years.

I have cut waste wherever I could.

Over the past few years, Federal spending has grown steadily to absorb too much of what Americans

produce. ~~The budget I propose this year reduces the percentage of spending the~~  
 [ Next year I hope to bring the government's ~~Federal Government~~  
~~share down even further.~~ ] We will reverse that trend ~~taxes of our~~  
~~national income~~

This sentence  
needs an  
opening one  
before it

in the coming year, and later I hope to bring the government's share down even further.

In time of high employment, deficit spending should not be a <sup>permanent</sup> feature of our budget. As the economy <sub>1</sub> continues to gain strength and our unemployment rates continue to fall, revenues will grow. With careful planning, efficient management, and proper restraint on expenditures, we can move rapidly toward a balanced budget.

Next year the budget deficit will be only slightly less than this fiscal year -- but would have been \$15 - 20 billion smaller without the necessary tax cuts I have proposed.

This year the right choice -- the only proper choice -- is to reduce the burdens on taxpayers,

ensure a vigorous economy, and keep the unemployment rate going down.

The third element in our program is a renewed attack on inflation. We have learned that high unemployment will not free us from inflation.

*H* Government can help to revitalize private investment and can maintain a responsible economic policy -- both of them essential to sustained growth.

Government must also do a better job of reducing excessive regulation that drives up costs and prices -- *and we will through a new top level review of the cost and efficiency of major new regulations*  
But government alone cannot bring down the rate of

inflation. <sup>*when*</sup> a high rate of inflation is expected to continue, Companies raise prices to protect their profit margins against prospective increases in wages and other costs while workers demand higher wages as

protection against expected price increases. It's like escalation in the arms race, and, understandably, no one wants to disarm alone.

No one firm or group of workers can halt this process. It is an effort we must make together.

I am therefore asking government, business, labor, and other groups to join in a voluntary program to moderate inflation by reducing the rate of wage and price increases in 1978 below the rate each group

To give program credibility we need to say this

averaged in the last two years. *I will follow this standard, to set an example, for our federal employees.*

I do not believe in wage and price controls.

My proposals provide a way -- perhaps the only way -- to achieve results without government interference or coercion.

A successful economic program at home is also the key to success in our international policy.

Adopting an effective energy program, encouraging investment and productivity, and controlling inflation will improve our balance of payment position and protect the integrity of the dollar overseas. A strong U.S. economy will promote recovery throughout the world.

By working closely with our friends abroad we can promote the health of all our nations, and conclude fair and balanced agreements lowering barriers to trade.

Even as the inevitable pressures develop when the world economy suffers from high unemployment, as it does today, I will firmly resist the demands for protectionism. But free trade must also be fair trade.



I will protect American industry and workers against unfair or illegal foreign trade practices.

In our other domestic initiatives, our aim will be to deal with the questions that have been too long neglected, to seize the opportunity to correct mistakes and to prepare for a better future. We will seek reform of our labor laws, and the establishment of an agency to protect the nation's consumers. We will reform our programs of nuclear licensing, crop insurance, and leasing on the outer continental shelf, and improve the basic skills of our children with a major education initiative. We will be working to reform our welfare system, and to begin considering an urban policy and a national health care system. And we will seek to preserve our last great frontier wilderness by creating national

parks and wildlife refuges from 92 million acres of Alaskan public lands. Not since the days of Theodore Roosevelt [and Gifford Pinchot] have we had such an opportunity to protect and preserve our natural heritage.

[I've checked this section with Harrison Wellford who agrees, as slightly modified]

During these past years we have seen our government grow far from us.

For the average citizen it has become like a foreign country, so strange and difficult that often we have to deal with it through trained ambassadors -- lawyers, lobbyists, and accountants.

This cannot go on.

We must have what Abraham Lincoln sought -- a government for the people.

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And you in the Congress have helped me make progress toward that kind of government. You have given me the authority I requested to reorganize the Federal government bureaucracy, and I am using it.

We have already completed ~~three~~ reorganizations plans, and I will present several others to the Congress for action this year.

Only 2 reorg.  
plans - Energy  
was reorganized  
by legislation

We have proposed abolishing almost 500 advisory commissions and boards.

federal  
1

But our people are still sick and tired of Federal paperwork and red tape. Bit by bit we are chopping down the thicket of unnecessary Federal regulations by which government too often interferes in our personal lives and business. OSHA alone has

spell out?

EOP  
Commun  
VOA

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eliminated more than a thousand unneeded regulations,  
and overall we have cut the public's <sup>federal</sup> paperwork load  
by 12 percent.

We have made a good start on turning the  
?  
gobbledygook of Federal regulations into plain  
English that people can understand, but we still have  
a long way to go.

We have brought together parts of eleven  
government agencies to create the new Department of  
Energy -- and now it is time to take another major

step by creating a separate Department of Education <sup>from the</sup>  
<sup>and other related</sup>  
<sup>no</sup> education programs now scattered throughout the federal bureaucracy.

Next month, I will submit to Congress a plan  
to reduce discrimination in employment and other plans  
will be submitted later this year.

But even the best-organized government will only be as effective as the people who carry out its policies.

For this reason, I consider Civil Service reform to be absolutely vital.

Worked out with the civil servants themselves, these changes will reward excellence by restoring the merit principle to a system which has grown, over the years, into a bureaucratic maze. This will protect our civil servants, provide greater management flexibility, and increase incentives for good performance.

Then and only then can we have a government that is efficient, open, and truly worthy of our people's understanding and respect.

I have promised we will have such a government.

I will keep that promise.

\* \* \*

In our foreign policy, the separation of our people from the government has been a source of weakness and error. In a democratic system like ours, foreign policy decisions must be able to stand the test of public scrutiny and debate. If we err in this administration, it will be on the side of frankness and openness.

In our modern world when the deaths of millions can result from a few terrifying seconds of destruction, national strength and security is identical with the path to peace.

Tonight our nation is at peace with the world.

We are strong and confident. We have  
restored a moral basis for our foreign policy. The  
heart of our identity as a nation is our <sup>firm</sup> commitment  
to human rights.

We expect no quick or easy results, but there  
has been ~~some~~ movement toward greater freedom and  
humanity in some parts of the world.

Thousands of political prisoners have been  
freed -- ten thousand in Indonesia alone. The leaders  
of the world -- even our ideological adversaries --  
now see that ~~the~~ protection of fundamental human rights  
affects their standing in the international community  
and their relations with the United States.

The cause of human rights will never die!

\* \* \*

But the moral basis of our foreign policy is suspect when we are the principal arms merchant of the world.

We have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to reduce this deadly traffic.

We are also cooperating more fully with our allies to promote security and to enhance world economic growth and stability.

Last fall with the help of others we succeeded in our vigorous efforts to maintain stability in the



price of oil. We have begun to improve our trading relationships with Japan. We have reaffirmed our commitment to the security of Europe, and this year we will demonstrate that commitment by modernizing and strengthening our defense capabilities there.

We are trying to develop a more just international system. In this spirit, we have aligned ourselves with the struggle for human development in Asia, Africa, and Latin America.

We are changing the emphasis of our assistance programs so that as much of our aid as possible goes toward meeting the simple human needs of the world's poor for food, for shelter, for basic education, and for health care.

We are working hard to promote peaceful reconciliation in those parts of the world where major differences threaten international peace.

In the Middle East, President Sadat has taken a bold initiative in going to Jerusalem -- and Prime Minister Begin is moving to take advantage of this historic opportunity for a comprehensive peace. We are contributing our good offices to maintain the momentum of the current negotiations -- and to keep open the lines of communications among the Middle East leaders. The whole world has a great stake in the success of these efforts. This is a precious opportunity for the historic settlement of longstanding conflicting ideas -- an opportunity which may not come again in our lifetime.

The Panama Canal treaties now before the Senate are the culmination of the work of six Administrations -- three Democratic and three Republican. The treaties provide that the canal will be open always for unrestricted use by the ships of the world. Our own ships have the right to priority of passage in times of need or emergency, and we have the right to defend the canal with our military forces if necessary to guarantee its openness and neutrality. The treaties are to the clear advantage of ourselves, the Panamanians, and the other users of the canal. The Senate's ratification of the Panama Canal treaties will show our good faith to the world.

We will continue our peaceful competition with the Soviet Union, and we will <sup>maintain</sup> hold our own.

At the same time, we are negotiating, with quiet confidence, without haste, with careful determination, to ease the tensions between us and to ensure greater stability and security.

The Strategic Arms Limitation Talks have been difficult and prolonged. We want a mutual limit on both the quality and quantity of the giant nuclear arsenals of both nations -- and then actual reductions in strategic arms capability as a major step toward ultimate elimination of nuclear weapons from the face of the earth.

If the talks result in an agreement this year -- and I trust they will -- I pledge to you that the agreement will maintain and enhance the security of the United States, and the stability of the world's strategic balance.

For 30 years, concerted efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices -- and for 30 years that objective has eluded us.

But now we are hard at work with Great Britain and the Soviet Union to reach an agreement which will stop all testing, will protect our national security, and will provide for adequate verification of compliance.

And we are working vigorously to halt proliferation of nuclear weapons among other nations of the world.

\* \* \*

There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village

in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country.

The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of human beings everywhere.

We Americans have a great deal of work to do together.

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In the end, how well we do that work will  
depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the *often*

*too negative*  
*You would be safer*  
*to say "the stale*  
*prescriptions of the past"*  
stale [and backward-looking] prescriptions that are  
offered in the name of "liberalism" or "conservatism."

We must temper the demands of special interests  
with an understanding of what is right for society  
as a whole.

We must bring forth the goodness and concern  
and commitment that are within us and make them the  
basis of our common life.

That will take nothing less than the new spirit  
I have asked for tonight. Without it we put the very  
soul of our Nation at risk.

It has been said that our best years are behind us, but I say again that our Nation's best is still ahead. As we emerge from our bitter experiences with Viet Nam and Watergate we are chastened but proud, confident once again, ready to face challenges once again, united once again.

Our task, in the words of Hubert Humphrey, is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests into a higher purpose.

Rebuilding the old dreams of justice and liberty, of country and community.

Rebirth of our faith in the common good.



Each of us here tonight -- and all who are  
listening in their homes -- need to rededicate  
ourselves to serving the common good. We are a  
community, a beloved community, <sup>all</sup> the greatest and  
the least <sup>?</sup> of us; our fates are linked; our futures  
intertwined; and if we act in that knowledge and  
with a new spirit we can move mountains.

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THE WHITE HOUSE  
WASHINGTON

January 18, 1978

To: Rosalynn Carter  
Charlie Schultze  
Jody Powell  
Jim Fallows  
Stu Eizenstat  
✓ Zbig Brzezinski  
Ham Jordan

President Carter asked that you review attached speech draft, returning your comments to him by 3:00 p.m. this afternoon. He also asked that no copies be made of the draft.

Thanks -- Susan Clough

*Foreign policy section begins at  
paragraph (p. 28).*

*RI*

Draft 6  
1/18/78

~~CONFIDENTIAL~~

Mr. President, Mr. Speaker, Members of the 95th  
Congress, ladies and gentlemen:

We come together tonight at a time of loss.  
Last week the Senate lost a good and honest man,  
Lee Metcalf of Montana; and today the flag of the  
United States flew at half-staff from this Capitol  
building and from American installations and ships  
all over the world, in mourning for Senator Hubert  
Humphrey.

Many of you in this room worked with him every  
day for most of your adult lives, and you will miss  
him in a special way. But his loss is felt just as  
keenly by millions who never met him, but whose lives  
were touched and improved by his.

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY. *[Signature]* NARS, DATE 4/11/90

Because he exemplified so well the joy and zest of living, his death reminds each of us not so much of our own mortality but of the possibilities offered to us by life. Hubert Humphrey always looked to the future with a particularly American kind of confidence and harmony, of hope and enthusiasm. The best way we can honor him is by following his example.

One year ago tomorrow, I walked from near this spot to the White House to take up the duties of President of the United States. I return tonight in fulfillment of one of the most important of those duties: to "give to the Congress" -- and the nation -- "information on the state of the Union."

I have come to speak to you about where we are, and where we must go -- of what we have done, and what

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we must do -- and I have come to pledge my best efforts, and to ask you to pledge yours.

Each generation of Americans faces circumstances not of its own choosing, by which its character is measured and its spirit tested.

We cannot design our challenges, but we can determine the response we make. Whether our answers are fainthearted or courageous is entirely within our control. If we respond timidly we will regret our weakness.

There are times of crisis, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Lincoln faced when our land was torn apart by Civil War. That was the duty

twice faced by Franklin Roosevelt: in 1933 when he led American out of economic depression, and again in 1941, when he led America to victory in war.

There are other times when no single overwhelming crisis exists -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction are also great. It becomes the task of leaders to call for the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after the World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

We live in such times -- and face such duties --  
now.

Militarily, politically, economically, and in  
spirit, the state of our Union is sound.

We are a great country, a strong country, a  
vital and dynamic country -- and so we will remain.

We are a confident people, a working people, a  
decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil  
and doubt. We have once again found our moral bearings  
and we are striving to express our best instincts to  
the rest of the world.

Because of our strength, we are at peace abroad.  
We are also at peace here at home where we are

are red~~i~~scovering the common good that binds us together as a people.

For the first time in a generation, we are~~n~~ot preoccupied with a major national crisis.

This success cannot be measured in programs, legislation, or dollars. It is a success that belongs to every individual American. There is across this land an inner peace, triggered by a growing unity in America. This unity towers over all our efforts here in Washington, and serves as an inspiring beacon for all of us elected to lead.

Together, we now have a rare and priceless opportunity to address the basic and enduring problems which have long burdened us as a nation which grew quietly and steadily over the years when we were preoccupied with crisis.



This new atmosphere demands new spirit -- a newly defined partnership between those who lead and those who elect. The currencies of this partnership are truth, the courage to face hard decisions, concern about one another, and a basic faith and trust in the wisdom and strength of the American people.

In this period of relative calm we have been given a chance to cleanse, to reconsider, and to restore the things that have too long been neglected.

We must make the effort -- because if we do not aim for the best we can achieve, despite our limitations and difficulties, we will achieve much less than we can.

As President I have asked you -- the members of Congress, and you, the American people -- to come to

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grips with some of the hardest questions facing our society.

I see no benefit to the country if we wait, for delay would simply postpone necessary action. The problems would only grow worse, the needed solutions more drastic.

We need patience and good will, but patience must not become indifference, and good will must not become complacency.

There is a limit to the role and function of government. It cannot solve all our problems, set all our goals, or define our vision. It cannot alone eliminate poverty, provide a bountiful economy, save cities, cure illiteracy, provide energy, nor mandate goodness. Only a true partnership among us all can hope to reach these goals.

Those who govern can sometimes inspire, identify needs, and marshal resources.

We must move away from crisis management and establish long range goals which will let us work with harmony and not dissention. Never again should we neglect an impending crisis like the shortage of energy, forcing harsh and painful solutions to avoid increasing agony. Now we must act immediately -- all of us -- to stop wasting energy, to increase domestic production, and to shift to fuels which are more permanent and plentiful.

Day after day, month after month, our dependence on foreign oil drains from our economy resources we cannot afford to lose. Last year we spent \$45 billion for foreign oil. This economic dependence on foreign oil slows our economic growth, erodes the value of the dollar overseas, and aggravates inflation at home.

We know we have to act. We know what we must do: increase energy production, promote conservation, and shift consumption toward those fuels which are more permanent and plentiful. We must be fair to our people, and consistent with our long-range objectives for the economy and the budget.

I recognize the difficulties involved. I know it is not easy. But the fact remains that we have failed the American people. Almost five years after the oil embargo dramatized the problem, we still do

not have a national energy program. Not much longer will our nation tolerate this stalemate. We must succeed, and we will!

Our main task at home this year, with the energy policy its most crucial element, is the economy -- to ensure that recovery is sustained, that unemployment continues to decrease, and that the rate of inflation is reduced.

1977 was a good year for the United States. We reached all of our major economic goals. Four million new jobs were created, and the number of unemployed dropped by more than a million. Not since World War II has such a high proportion of our people been employed.

The rate of inflation has declined. There was good growth in corporate profits and business

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investments -- the source of more jobs for our workers --  
and a higher standard of living for all our people.

Workers' real wages increased substantially.

This year, our country will have the first two  
trillion dollar economy in the history of the world.

We are proud of this progress, and determined to  
sustain it.

But the traditional tools of economics have  
failed us, and we still have severe problems, which  
all of us must address together. Our trade deficit  
is too large, inflation is still too high, and too  
many Americans still cannot find work.

There are no simple answers for these problems.  
They involve complicated questions of resources, of  
human behavior, of historical change, that are beyond

the power of any government to control. But we have developed a coordinated economic policy that will work, because it is sensible, it is balanced, and it is fair. It is based on these four principles:

-- First, the economy must keep on expanding to produce the new jobs our people need. Only through steady growth can American workers enjoy higher real incomes and the fruits of growth must be widely shared. Jobs will be made available for those who have been by-passed until now, and the tax system must be made fairer and simpler.

--Second, private business, not the government, must lead the expansion.

--Third, we must lower the rate of inflation and keep it down. Inflation slows down economic growth, and it is <sup>most</sup> ~~cruelest~~ to the poor and to the elderly and others who live on fixed incomes.

-- Fourth, we must contribute to the health of the world economy.

I will announce my proposals for immediate tax reform and tax reduction this weekend. We can make our tax system fairer; we can make it simpler and easier to understand; we can eliminate unwarranted loopholes and special privileges; and at the same time we can -- and will -- reduce the tax burden on American citizens by \$25 billion!

The tax reductions are necessary to help us continue the steady economic expansion that will create the jobs we need.

More than \$17 billion in income tax cuts will go to individuals. Ninety-nine percent of American taxpayers will see their taxes go down. For a typical



family of four this will mean an annual savings of more than \$250. A further reduction of \$2 billion in excise taxes will give additional relief and directly reduce the rate of inflation.

The rest of the total tax reduction will be cuts in business taxes to provide additional incentives for investment.

These tax cuts will more than compensate for the necessary increases to prevent bankruptcy of the Social Security System.

Our tax proposals will increase opportunity everywhere in this nation, but even in good economic times we must create additional jobs for the disadvantaged.

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We have passed laws to assure equal access to the voting booth, the restaurant, to housing, and to jobs. But unless there is actual job opportunity -- the chance to earn a decent living -- the other rights mean very little.

A major priority for our nation is the final elimination of barriers that restrict the opportunities available to Black people and other minorities. We have come a long way toward that goal. There is still much to do. The legacy of the past must not be permitted to hamper our future. Our commitment to equal opportunity is undiminished. Our resolve is unshakeable to build an American in which all our citizens freely enjoy the benefits and responsibilities of democracy.

We can enhance harmony among our people, honor our commitment, and honor one of the most beloved leaders in the history of our nation -- by passing the Humphrey-Hawkins bill this year!

In our free economy, private business is still the best new source of jobs. Therefore, I will propose to the Congress a new program which will provide incentives for businesses to hire young and disadvantaged Americans. These young people only need skills -- and a chance -- in order to take their place in our economic system. Let's give them the chance they need!

I am asking for a substantial increase in funds for public jobs for our young people, and when welfare reform is completed for creation of <sup>more than a</sup> ~~1~~ million jobs for those on welfare who are able to work. I am also

recommending that the Congress continue the public service employment programs at more than twice the level of a year ago.

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It proposes increased expenditures after adjusting for inflation of less than two percent -- the smallest growth in the Federal budget in four years.

I have cut waste wherever I could.

Over the past few years, Federal spending has grown steadily to absorb too much of what Americans produce. Next year I hope to bring the government's share down even further. We will reverse that trend

in the coming year, and later I hope to bring the government's share down even further.

In time of high employment, deficit spending should not be a feature of our budget. As the economy continues to gain strength and our unemployment rates continue to fall, revenues will grow. With careful planning, efficient management, and proper restraint on expenditures, we can move rapidly toward a balanced budget.

Next year the budget deficit will be only slightly less than this fiscal year -- but would have been \$15 - 20 billion smaller without the necessary tax cuts I have proposed.

This year the right choice -- the only proper choice -- is to reduce the burdens on taxpayers,

ensure a vigorous economy, and keep the unemployment rate going down.

The third element in our program is a renewed attack on inflation. We have learned that high unemployment will not free us from inflation.

*P* Government can help to revitalize private investment and can maintain a responsible economic policy -- both of them essential to sustained growth.

Government must also do a better job of reducing excessive regulation that drives up costs and prices.

But government alone cannot bring down the rate of inflation. <sup>when</sup> a high rate of inflation is expected to continue, Companies raise prices to protect their profit margins against prospective increases in wages and other costs while workers demand higher wages as

protection against expected price increases. It's like escalation in the arms race, and, understandably, no one wants to disarm alone.

No one firm or group of workers can halt this process. It is an effort we must make together.

I am therefore asking government, business, labor, and other groups to join in a voluntary program to moderate inflation by reducing the rate of wage and price increases in 1978 below the rate each group averaged in the last two years.

I do not believe in wage and price controls. My proposals provide a way -- perhaps the only way -- to achieve results without government interference or coercion.

A successful economic program at home is also the key to success in our international policy. Adopting an effective energy program, encouraging investment and productivity, and controlling inflation will improve our balance of payment position and protect the integrity of the dollar overseas. A strong U.S. economy will promote recovery throughout the world.

By working closely with our friends abroad we can promote the health of all our nations, and conclude fair and balanced agreements lowering barriers to trade.

Even as the inevitable pressures develop when the world economy suffers from high unemployment, as it does today, I will firmly resist the demands for protectionism. But free trade must also be fair trade.



I will protect American industry and workers against unfair or illegal foreign trade practices.

In our other domestic initiatives, our aim will be to deal with the questions that have been too long neglected, to seize the opportunity to correct mistakes and to prepare for a better future. We will seek reform of our labor laws, and the establishment of an agency to protect the nation's consumers. We will reform our programs of nuclear licensing, crop insurance, and leasing on the outer continental shelf, and improve the basic skills of our children with a major education initiative. We will be working to reform our welfare system, and to begin considering an urban policy and a national health care system. And we will seek to preserve our last great frontier wilderness by creating national

parks and wildlife refuges from 92 million acres of Alaskan public lands. Not since the days of Theodore Roosevelt and Gifford Pinchot have we had such an opportunity to protect and preserve our natural heritage.

During these past years we have seen our government grow far from us.

For the average citizen it has become like a foreign country, so strange and difficult that often we have to deal with it through trained ambassadors -- lawyers, lobbyists, and accountants.

This cannot go on.

We must have what Abraham Lincoln sought -- a government for the people.

And you in the Congress have helped me make progress toward that kind of government. You have given me the authority I requested to reorganize the Federal government bureaucracy, and I am using it.

We have already completed three reorganization plans, and I will present several others to the Congress for action this year.

We have proposed abolishing almost 500 advisory commissions and boards.

But our people are still sick and tired of Federal paperwork and red tape. Bit by bit we are chopping down the thicket of unnecessary Federal regulations by which government too often interferes in our personal lives and business. OSHA alone has

eliminated more than a thousand unneeded regulations, and overall we have cut the public's paperwork load by 12 percent.

We have made a good start on turning the gobbledygook of Federal regulations into plain English that people can understand, but we still have a long way to go.

We have brought together parts of eleven government agencies to create the new Department of Energy -- and now it is time to take another major step by creating a separate Department of Education.

Next month, I will submit to Congress a plan to reduce discrimination in employment and other plans will be submitted later this year.

But even the best-organized government will only be as effective as the people who carry out its policies.

For this reason, I consider Civil Service reform to be absolutely vital.

Worked out with the civil servants themselves, these changes will reward excellence by restoring the merit principle to a system which has grown, over the years, into a bureaucratic maze. This will protect our civil servants, provide greater management flexibility, and increase incentives for good performance.

Then and only then can we have a government that is efficient, open, and truly worthy of our people's understanding and respect.

I have promised we will have such a government.

I will keep that promise.

\* \* \*

In our foreign policy, this separation of our people from the government has been a source of weakness and error. In a democratic system like ours, foreign policy decisions must be able to stand the test of public scrutiny and debate. If we err in this administration, it will be on the side of frankness and openness.

In our modern world when the deaths of millions can result from a few terrifying seconds of destruction, national strength and security is identical with the path to peace.

Tonight our nation is at peace with the world.

We are strong and confident. We have restored a moral basis for our foreign policy. The heart of our identity as a nation is our <sup>firm</sup> commitment to human rights.

We expect no quick or easy results, but there has been some movement toward greater freedom and humanity in <sup>several</sup> ~~some~~ parts of the world.

Thousands of political prisoners have been freed -- ten thousand in Indonesia alone. The leaders of the world -- even our ideological adversaries -- now see that <sup>this attitude toward</sup> ~~protection of~~ fundamental human rights affects their standing in the international community and their relations with the United States.

The cause of human rights will never die!

\* \* \*

But the moral basis of our foreign policy is suspect when we are the principal arms merchant of the world.

We have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to reduce this deadly traffic.

We are also cooperating more fully with our allies to promote security and to enhance world economic growth and stability.

Last fall with the help of others we succeeded in our vigorous efforts to maintain stability in the



price of oil. We have begun to improve our trading relationships with Japan. We have reaffirmed our commitment to the security of Europe, and this year we will demonstrate that commitment by <sup>for the</sup> modernizing and strengthening our defense capabilities there.

We are trying to develop a more just international system. In this spirit, we have aligned ourselves with the struggle for human development in Asia, Africa, and Latin America.

We are changing the emphasis of our assistance programs so that as much of our aid as possible goes toward meeting the simple human needs of the world's poor for food, for shelter, for basic education, and for health care.

We are working hard to promote peaceful reconciliation in those parts of the world where major differences threaten international peace.

In the Middle East, President Sadat has taken a bold initiative in going to Jerusalem -- and Prime Minister Begin is moving to take advantage of this historic opportunity for a comprehensive peace. We are contributing our good offices to maintain the momentum of the current negotiations -- and to keep open the lines of communications among the Middle East leaders. The whole world has a great stake in the success of these efforts. This is a precious opportunity for the historic settlement of longstanding conflicting ideas -- an opportunity which may not come again in our lifetime.

The Panama Canal treaties now before the Senate are the culmination of the work of six Administrations -- three Democratic and three Republican. The treaties provide that the canal will be open always for unrestricted use by the ships of the world. Our own ships have the right to priority of passage in times of need or emergency, and we have the right to defend the canal with our military forces if necessary to guarantee its openness and neutrality. The treaties are to the clear advantage of ourselves, the Panamanians, and the other users of the canal. The Senate's ratification of the Panama Canal treaties will show our good faith to the world.

<sup>In</sup>  
~~We will continue~~ our peaceful competition with  
the Soviet Union, <sup>continue to</sup> and we will hold our own.

At the same time, we are negotiating, with quiet confidence, without haste, with careful determination, to ease the tensions between us and to ensure greater stability and security.

The Strategic Arms Limitation Talks have been difficult and prolonged. We want a mutual limit on both the quality and quantity of the giant nuclear arsenals of both nations -- and then actual reductions in strategic arms capability as a major step toward ultimate elimination of nuclear weapons from the face of the earth.

If the talks result in an agreement this year -- and I trust they will -- I pledge to you that the agreement will maintain and enhance the security of the United States, and the stability of the world's strategic balance.

For 30 years, concerted efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices -- and for 30 years that objective has eluded us.

But now we are hard at work with Great Britain and the Soviet Union to reach an agreement which will stop all testing, will protect our national security, and will provide for adequate verification of compliance.

And we are working vigorously to halt proliferation of nuclear weapons among other nations of the world.

\* \* \*

There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village

in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country.

The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of human beings everywhere.

We Americans have a great deal of work to do together.

In the end, how well we do that work will depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the stale and backward-looking prescriptions that are offered in the name of "liberalism" or "conservatism."

We must temper the demands of special interests with an understanding of what is right for society as a whole.

We must bring forth the goodness and concern and commitment that are within us and make them the basis of our common life.

That will take nothing less than the new spirit I have asked for tonight. Without it we put the very soul of our Nation at risk.

It has been said that our best years are behind us, but I say again that our Nation's best is still ahead. As we emerge from our bitter experiences with Viet Nam and Watergate we are chastened but proud, confident once again, ready to face challenges once again, united once again.

Our task, in the words of Hubert Humphrey, is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests into a higher purpose.

Rebuilding the old dreams of justice and liberty, of country and community.

Rebirth of our faith in the common good.



Each of us here tonight -- and all who are  
listening in their homes -- need to rededicate  
ourselves to serving the common good. We are a  
community, a beloved community, the greatest and  
the least of us; our fates are linked; our futures  
intertwined; and if we act in that knowledge and  
with a new spirit we can move mountains.

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THE WHITE HOUSE  
WASHINGTON

January 18, 1978

To: ✓ Rosalynn Carter  
Charlie Schultze  
Jody Powell  
Jim Fallows  
Stu Eizenstat  
Zbig Brzezinski  
Ham Jordan

President Carter asked that you review attached speech draft, returning your comments to him by 3:00 p.m. this afternoon. He also asked that no copies be made of the draft.

Thanks -- Susan Clough

Draft 6  
1/18/78

~~CONFIDENTIAL~~

Mr. President, Mr. Speaker, Members of the 95th  
Congress, ladies and gentlemen:

We come together tonight at a time of loss.  
Last week the Senate lost a good and honest man,  
Lee Metcalf of Montana; and today the flag of the  
United States flew at half-staff from this Capitol  
building and from American installations and ships  
all over the world, in mourning for Senator Hubert  
Humphrey.

Many of you in this room worked with him every  
day for most of your adult lives, and you will miss  
him in a special way. But his loss is felt just as  
keenly by millions who never met him, but whose lives  
were touched and improved by his.

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1983  
BY                      NARS, DATE 4/1/80

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Because he exemplified so well the joy and zest of living, his death reminds each of us not so much of our own mortality but of the possibilities offered to us by life. Hubert Humphrey always looked to the future with a particularly American kind of confidence and harmony, of hope and enthusiasm. The best way we can honor him is by following his example.

One year ago tomorrow, I walked from near this spot to the White House to take up the duties of President of the United States. I return tonight in fulfillment of one of the most important of those duties: to "give to the Congress" -- and the nation -- "information on the state of the Union."

\* →  
I have come to speak to you about where we are, and where we must go -- of what we have done, and what

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we must do -- and I have come to pledge my best efforts, and to ask you to pledge yours.

Each generation of Americans faces circumstances not of its own choosing, by which its character is measured and its spirit tested.

We cannot design our challenges, but we can determine the response we make. Whether our answers are fainthearted or courageous is entirely within our control. If we respond timidly we will regret our weakness.

There are times of crisis, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Lincoln faced when our land was torn apart by Civil War. That was the duty

twice faced by Franklin Roosevelt: in 1933 when he led American out of economic depression, and again in 1941, when he led America to victory in war.

There are other times when no single overwhelming crisis exists -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction are also great. It becomes the task of leaders to call for the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after the World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

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We live in such times -- and face such duties --  
now.

Militarily, politically, economically, and in <sup>1<sup>st</sup></sup>  
spirit, the state of our Union is sound.

We are a great country, a strong country, a  
vital and dynamic country -- and so we will remain.

We are a confident people, a working people, a  
decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil  
and doubt. We have once again found our moral bearings  
and we are striving to express our best instincts to  
the rest of the world.

~~[Because of our strength, we are at peace abroad.]~~

We are also at peace here at home where we are

are red~~i~~scovering the common good that binds us together as a people.

For the first time in a generation, we are~~n~~ot preoccupied with a major national crisis.

This success cannot be measured in programs, legislation, or dollars. It is a success that belongs to every individual American. There is across this land an inner peace, triggered by a growing unity in America. This unity towers over all our efforts here in Washington, and serves as an inspiring beacon for all of us elected to lead.

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is reduced.

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*We set as a goal an unemployment rate of 6 (whatever)  
new jobs were created, and the number of unemployed  
through our policies we reached this goal.*

dropped by more than a million. Not since World War II

*the unemployment rate been so low!*  
has such a high proportion of our people been employed.

The rate of inflation has declined. There was

good growth in corporate profits and business

*The inflation rate when I took office was — 9%  
Today, with my policies, I am proud to say it is — 2%*

We know we have to act. We know what we must do: increase energy production, promote conservation, and shift consumption toward those fuels which are more permanent and plentiful. We must be fair to our people, and consistent with our long-range objectives for the economy and the budget.

I recognize the difficulties involved. I know it is not easy. But the fact remains that we have failed the American people. Almost five years after the oil embargo dramatized the problem, we still do

(I question this. I want you associated with ~~success~~ success - you've done more than your share to get a good energy program.)

Say "we now have an energy Dept. ~~program~~. I've called on you, the people & Congress for help & a bill, etc

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is too large, inflation is still too high, and too  
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*don't talk  
about  
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*You've been called on to sacrifice  
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A major priority for our nation is the final elimination of barriers that restrict the opportunities available to Black people and other minorities. We have come a long way toward that goal. There is still much to do. The legacy of the past must not be permitted to hamper our future. Our commitment to equal opportunity is undiminished. Our resolve is unshakeable to build an American in which all our citizens freely enjoy the benefits and responsibilities of democracy.

We can enhance harmony among our people, honor our commitment, and honor one of the most beloved leaders in the history of our nation -- by passing the Humphrey-Hawkins bill this year!

*should you say  
something about  
changes in HH bill --  
because this is very  
unpopular & status  
quo*

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In time of high employment, deficit spending should not be a feature of our budget. As the economy continues to gain strength and our unemployment rates continue to fall, revenues will grow. With careful planning, efficient management, and proper restraint on expenditures, we can move rapidly toward a balanced budget.

Next year the budget deficit will be only slightly less than this fiscal year -- but would have been \$15 - 20 billion smaller without the necessary tax cuts I have proposed.

This year the right choice -- the only proper choice -- is to reduce the burdens on taxpayers,

ensure a vigorous economy, and keep the unemployment rate going down.

The third element in our program is a renewed attack on inflation. We have learned that high unemployment will not free us from inflation.

*P* Government can help to revitalize private investment and can maintain a responsible economic policy -- both of them essential to sustained growth.

Government must also do a better job of reducing excessive regulation that drives up costs and prices.

But government alone cannot bring down the rate of inflation. <sup>when</sup> a high rate of inflation is expected to continue, Companies raise prices to protect their profit margins against prospective increases in wages and other costs while workers demand higher wages as

protection against expected price increases. It's like escalation in the arms race, and, understandably, no one wants to disarm alone.

No one firm or group of workers can halt this process. It is an effort we must make together.

I am therefore asking government, business, labor, and other groups to join in a voluntary program to moderate inflation by reducing the rate of wage and price increases in 1978 below the rate each group averaged in the last two years.

I do not believe in wage and price controls.

My proposals provide a way -- perhaps the only way -- to achieve results without government interference or coercion.

A successful economic program at home is also the key to success in our international policy.

Adopting an effective energy program, encouraging investment and productivity, and controlling inflation will improve our balance of payment position and protect the integrity of the dollar overseas. A strong U.S. economy will promote recovery throughout the world.

By working closely with our friends abroad we can promote the health of all our nations, and conclude fair and balanced agreements lowering barriers to trade.

Even as the inevitable pressures develop when the world economy suffers from high unemployment, as it does today, I will firmly resist the demands for protectionism. But free trade must also be fair trade.



I will protect American industry and workers against unfair or illegal foreign trade practices.

In our other domestic initiatives, our aim will be to deal with the questions that have been too long neglected, to seize the opportunity to correct mistakes and to prepare for a better future.

We will seek reform of our labor laws, and the establishment of an agency to protect the nation's consumers. We will reform our programs of nuclear licensing, crop insurance, and leasing on the outer continental shelf, and improve the basic skills of our children with a major education initiative.

We will be working to reform our welfare system, and to begin considering an urban policy and a national health care system. And we will seek to preserve our last great frontier wilderness by creating national

parks and wildlife refuges from 92 million acres of Alaskan public lands. Not since the days of Theodore Roosevelt and Gifford Pinchot have we had such an opportunity to protect and preserve our natural heritage.

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In our modern world when the deaths of millions can result from a few terrifying seconds of destruction, national strength and security is identical with the path to peace.

Tonight our nation is at peace with the world.

We are strong and confident. We have restored a moral basis for our foreign policy. The heart of our identity as a nation is our <sup>firm</sup> commitment to human rights.

We expect no quick or easy results, but there has been some movement toward greater freedom and humanity in some parts of the world.

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price of oil. We have begun to improve our trading relationships with Japan. We have reaffirmed our commitment to the security of Europe, and this year we will demonstrate that commitment by modernizing and strengthening our defense capabilities there.

We are trying to develop a more just international system. In this spirit, we have aligned ourselves with the struggle for human development in Asia, Africa, and Latin America.

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If the talks result in an agreement this year -- and I trust they will -- I pledge to you that the agreement will maintain and enhance the security of the United States, and the stability of the world's strategic balance.

For 30 years, concerted efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices -- and for 30 years that objective has eluded us.

But now we are hard at work with Great Britain and the Soviet Union to reach an agreement which will stop ~~all~~ testing, will protect our national security, and will provide for adequate verification of compliance.

And we are working vigorously to halt proliferation of nuclear weapons among other nations of the world.

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There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village

in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country.

The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of human beings everywhere.

.. We Americans have a great deal of work to do together.

In the end, how well we do that work will depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the stale and backward-looking prescriptions that are offered in the name of "liberalism" or "conservatism."

We must temper the demands of special interests with an understanding of what is right for society as a whole.

We must bring forth the goodness and concern and commitment that are within us and make them the basis of our common life.

That will take nothing less than the new spirit I have asked for tonight. Without it we put the very soul of our Nation at risk.

It has been said that our best years are behind us, but I say again that our Nation's best is still ahead. As we emerge from our bitter experiences with Viet Nam and Watergate we are chastened but proud, confident once again, ready to face challenges once again, united once again.

Our task, in the words of Hubert Humphrey, is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests into a higher purpose.

Rebuilding the old dreams of justice and liberty, of country and community.

Rebirth of our faith in the common good.



Each of us here tonight -- and all who are  
listening in their homes -- need to rededicate  
ourselves to serving the common good. We are a  
community, a beloved community, the greatest and  
the least of us; our fates are linked; our futures  
intertwined; and if we act in that knowledge and  
with a new spirit we can move mountains.

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~~CONFIDENTIAL~~

Mr. President, Mr. Speaker, Members of the 95th  
Congress, ladies and gentlemen:

We come together tonight at a time of loss.  
Last week the Senate lost a good and honest man,  
Lee Metcalf of Montana; and today the flag of the  
United States flew at half-staff from this Capitol  
building and from American installations and ships  
all over the world, in mourning for Senator Hubert  
Humphrey.

Many of you in this room worked with him every  
day for most of your adult lives, and you will miss  
him in a special way. But his loss is felt just as  
keenly by millions who never met him, but whose lives  
were touched and improved by his.

~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12356, SEC. 3.4(b)  
WHITE HOUSE GUIDELINES, FEB. 24, 1989  
BY                      MAR. DATE 4/1/90

Because he exemplified so well the joy and zest of living, his death reminds each of us not so much of our own mortality but of the possibilities offered to us by life. Hubert Humphrey always looked to the future with a particularly American kind of confidence and harmony, of hope and enthusiasm. The best way we can honor him is by following his example.

One year ago tomorrow, I walked from near this spot to the White House to take up the duties of President of the United States. I return tonight in fulfillment of one of the most important of those duties: to "give to the Congress" -- and the nation -- "information on the state of the Union."

I have come to speak to you about where we are, and where we must go -- of what we have done, and what

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we must do -- and I have come to pledge my best efforts, and to ask you to pledge yours.

Each generation of Americans faces circumstances not of its own choosing, by which its character is measured and its spirit tested.

We cannot design our challenges, but we can determine the response we make. Whether our answers are fainthearted or courageous is entirely within our control. If we respond timidly we will regret our weakness.

There are times of crisis, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Lincoln faced when our land was torn apart by Civil War. That was the duty

twice faced by Franklin Roosevelt: in 1933 when he led American out of economic depression, and again in 1941, when he led America to victory in war.

There are other times when no single overwhelming crisis exists -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction are also great. It becomes the task of leaders to call for the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after the World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

We live in such times -- and face such duties --  
now.

Militarily, politically, economically, and in  
spirit, the state of our Union is sound.

We are a great country, a strong country, a  
vital and dynamic country -- and so we will remain.

We are a confident people, a working people, a  
decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil  
and doubt. We have once again found our moral bearings  
and we are striving to express our best instincts to  
the rest of the world.

Because of our strength, we are at peace abroad.

We are also at peace here at home where we are

are red~~i~~scovering the common good that binds us together as a people.

For the first time in a generation, we are~~n~~ot preoccupied with a major national crisis.

This success cannot be measured in programs, legislation, or dollars. It is a success that belongs to every individual American. There is across this land an inner peace, triggered by a growing unity in America. This unity towers over all our efforts here in Washington, and serves as an inspiring beacon for all of us elected to lead.

Together, we now have a rare and priceless opportunity to address the basic and enduring problems which have long burdened us as a nation which grew quietly and steadily over the years when we were preoccupied with crisis.

This new atmosphere demands new spirit -- a newly defined partnership between those who lead and those who elect. The currencies of this partnership are truth, the courage to face hard decisions, concern about one another, and a basic faith and trust in the wisdom and strength of the American people.

In this period of relative calm we have been given a chance to cleanse, to reconsider, and to restore the things that have too long been neglected.

We must make the effort -- because if we do not aim for the best we can achieve, despite our limitations and difficulties, we will achieve much less than we can.

As President I have asked you -- the members of Congress, and you, the American people -- to come to



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grips with some of the hardest questions facing our society.

I see no benefit to the country if we wait, for delay would simply postpone necessary action. The problems would only grow worse, the needed solutions more drastic.

We need patience and good will, but patience must not become indifference, and good will must not become complacency.

There is a limit to the role and function of government. It cannot solve all our problems, set all our goals, or define our vision. It cannot alone eliminate poverty, provide a bountiful economy, save cities, cure illiteracy, provide energy, nor mandate goodness. Only a true partnership among us all can hope to reach these goals.

Those who govern can sometimes inspire, identify needs, and marshal resources.

We must move away from crisis management and establish long range goals which will let us work with harmony and not dissention. Never again should we neglect an impending crisis like the shortage of energy, forcing harsh and painful solutions to avoid increasing agony. Now we must act immediately -- all of us -- to stop wasting energy, to increase domestic production, and to shift to fuels which are more permanent and plentiful.

Day after day, month after month, our dependence on foreign oil drains from our economy resources we cannot afford to lose. Last year we spent \$45 billion for foreign oil. This economic dependence on foreign oil slows our economic growth, erodes the value of the dollar overseas, and aggravates inflation at home.

We know we have to act. We know what we must do: increase energy production, promote conservation, and shift consumption toward those fuels which are more permanent and plentiful. We must be fair to our people, and consistent with our long-range objectives for the economy and the budget.

I recognize the difficulties involved. I know it is not easy. But the fact remains that we have failed the American people. Almost five years after the oil embargo dramatized the problem, we still do

not have a national energy program. Not much longer will our nation tolerate this stalemate. We must succeed, and we will!

Our main task at home this year, with the energy policy its most crucial element, is the economy -- to ensure that recovery is sustained, that unemployment continues to decrease, and that the rate of inflation is reduced.

1977 was a good year for the United States. We reached all of our major economic goals. Four million new jobs were created, and the number of unemployed dropped by more than a million. Not since World War II has such a high proportion of our people been employed.

The rate of inflation has declined. There was good growth in corporate profits and business

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investments -- the source of more jobs for our workers --  
and a higher standard of living for all our people.

Workers' real wages increased substantially.

This year, our country will have the first two  
trillion dollar economy in the history of the world.

We are proud of this progress, and determined to  
sustain it.

But the traditional tools of economics have  
failed us, and we still have severe problems, which  
all of us must address together. Our trade deficit  
is too large, inflation is still too high, and too  
many Americans still cannot find work.

There are no simple answers for these problems.  
They involve complicated questions of resources, of  
human behavior, of historical change, that are beyond

the power of any government to control. But we have developed a coordinated economic policy that will work, because it is sensible, it is balanced, and it is fair. It is based on these four principles:

-- First, the economy must keep on expanding to produce the new jobs our people need. Only through steady growth can American workers enjoy higher real incomes and the fruits of growth must be widely shared. Jobs will be made available for those who have been by-passed until now, and the tax system must be made fairer and simpler.

--Second, private business, not the government, must lead the expansion.

--Third, we must lower the rate of inflation and keep it down. Inflation slows down economic growth, and it is <sup>most</sup> ~~cruelest~~ to the poor and to the elderly and others who live on fixed incomes.

-- Fourth, we must contribute to the health of the world economy.

I will announce my proposals for immediate tax reform and tax reduction this weekend. We can make our tax system fairer; we can make it simpler and easier to understand; we can eliminate unwarranted loopholes and special privileges; and at the same time we can -- and will -- reduce the tax burden on American citizens by \$25 billion!

The tax reductions are necessary to help us continue the steady economic expansion that will create the jobs we need.

More than \$17 billion in income tax cuts will go to individuals. Ninety-nine percent of American taxpayers will see their taxes go down. For a typical

family of four this will mean an annual savings of more than \$250. A further reduction of \$2 billion in excise taxes will give additional relief and directly reduce the rate of inflation. .

The rest of the total tax reduction will be cuts in business taxes to provide additional incentives for investment.

These tax cuts will more than compensate for the necessary increases to prevent bankruptcy of the Social Security System.

Our tax proposals will increase opportunity everywhere in this nation, but even in good economic times we must create additional jobs for the disadvantaged.



We have passed laws to assure equal access to the voting booth, the restaurant, to housing, and to jobs. But unless there is actual job opportunity -- the chance to earn a decent living -- the other rights mean very little.

A major priority for our nation is the final elimination of barriers that restrict the opportunities available to Black people and other minorities. We have come a long way toward that goal. There is still much to do. The legacy of the past must not be permitted to hamper our future. Our commitment to equal opportunity is undiminished. Our resolve is unshakeable to build an American in which all our citizens freely enjoy the benefits and responsibilities of democracy.

We can enhance harmony among our people, honor our commitment, and honor one of the most beloved leaders in the history of our nation -- by passing the Humphrey-Hawkins bill this year!

In our free economy, private business is still the best new source of jobs. Therefore, I will propose to the Congress a new program which will provide incentives for businesses to hire young and disadvantaged Americans. These young people only need skills -- and a chance -- in order to take their place in our economic system. Let's give them the chance they need!

I am asking for a substantial increase in funds for public jobs for our young people, and when welfare reform is completed for creation of <sup>more than a</sup> ~~1.4~~ million jobs for those on welfare who are able to work. I am also

recommending that the Congress continue the public service employment programs at more than twice the level of a year ago.

My budget for 1979 addresses our national needs, but it is lean and tight.

It proposes increased expenditures after adjusting for inflation of less than two percent -- the smallest growth in the Federal budget in four years.

I have cut waste wherever I could.

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*We are also making progress  
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nuclear explosions.*

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in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country.

The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of human beings everywhere.

We Americans have a great deal of work to do together.

In the end, how well we do that work will depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the stale and backward-looking prescriptions that are offered in the name of "liberalism" or "conservatism."

We must temper the demands of special interests with an understanding of what is right for society as a whole.

We must bring forth the goodness and concern and commitment that are within us and make them the basis of our common life.

That will take nothing less than the new spirit I have asked for tonight. Without it we put the very soul of our Nation at risk.

It has been said that our best years are behind us, but I say again that our Nation's best is still ahead. As we emerge from our bitter experiences with Viet Nam and Watergate we are chastened but proud, confident once again, ready to face challenges once again, united once again.

Our task, in the words of Hubert Humphrey, is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests into a higher purpose.

Rebuilding the old dreams of justice and liberty, of country and community.

Rebirth of our faith in the common good.

Each of us here tonight -- and all who are  
listening in their homes -- need to rededicate  
ourselves to serving the common good. We are a  
community, a beloved community, the greatest and  
the least of us; our fates are linked; our futures  
intertwined; and if we act in that knowledge and  
with a new spirit we can move mountains.

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